



February 25, 2011

Via Overnight Mail

Chief, Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice
601 D Street NW, Room 2121
Washington, DC 20004



Re: United States et al. v. Hovnanian Enterprises, Inc.
DOJ Case No. 90-5-1-1-08709
National Compliance Summary Report

To Whom It May Concern:

Pursuant to paragraph 18a of the Consent Decree entered into by the United States and Hovnanian Enterprises, Inc. please find enclosed the National Compliance Summary Report for the period from August 5, 2010 to December 31, 2010.

Sincerely,

A handwritten signature in black ink, appearing to read "Dean Potter", is written over a horizontal line.

Dean Potter

National Stormwater Compliance Representative

cc: Lori Kier, Esquire, U.S. EPA Region III

Chuck Schadel, U.S. EPA Region III

Director, Water Enforcement Division, U.S. EPA

Caroline Burnett, Office of the General Counsel, District Department of the Environment

Principal Counsel, Office of the Attorney General, MD Department of the Environment

Chief, Enforcement Division, Compliance Program, MD Department of the Environment

Director, Department of Conservation and Recreation, Commonwealth of Virginia

Elizabeth Andrews, Assistant Attorney General, Commonwealth of Virginia

Michael Zeto, Chief Inspector, WV Department of Environmental Protection

Jennifer Hughes, Esquire, WV Department of Environmental Protection

Peter Reinhart, Esquire, Hovnanian Enterprises, Inc.

Jonathan Rinde, Esquire, Manko, Gold, Katcher & Fox, LLP

Ara Hovnanian, CEO, Hovnanian Enterprises, Inc.

Larry Sorsby, Executive Vice President & CFO, Hovnanian Enterprises, Inc.

Tom Pellerito, COO, Hovnanian Enterprises, Inc.

All Group and Division Presidents, Hovnanian Enterprises, Inc.

All Division Stormwater Compliance Representatives, Hovnanian Enterprises, Inc.

K. Hovnanian National Compliance Summary Report



I. Overview

Pursuant to requirements of the National Consent Decree, this overview provides a brief and general discussion of the data collected by K. Hovnanian over the time frame of August 5 through December 31, 2010. This is the first National Compliance Summary Report prepared in conformance with the National Consent Decree, and overall the data presented herein demonstrates company-wide compliance with the Clean Water Act, permits issued pursuant to the National Pollution Discharge Elimination System (NPDES), and this Consent Decree.

This National Compliance Summary Report addresses 288 individual sites in all states that K. Hovnanian operates in. The processes developed by K. Hovnanian to assure compliance with the various requirements related to the management of stormwater from construction sites have been developed and implemented over the last 18 months. As required by the National Consent Decree, all responsible K. Hovnanian associates have been trained and certified.

Of the 288 sites summarized in this Report, there was one single site where NPDES permit coverage was not obtained prior to the start of demolition and rock crushing activities. When it became known that a NPDES permit was required, work was immediately stopped and a NPDES permit was obtained prior to further work. The 29 days of discharge reported are from this site. Please note that during this time period there were installed stormwater BMP's on this site.

There were four missed Pre-Construction Inspection & Reviews, including one which was completed two days late, two which were conducted but not signed on time and one which was not conducted until after construction began. In all cases, the required site inspections were conducted and the site's activities otherwise complied with the requirements of its NPDES permit. In each case where there was a failure to properly complete a Pre-Construction

K. Hovnanian National Compliance Summary Report

Inspection & Review; further training occurred with the responsible parties to assure future compliance.

Of the over 5,000 site self-inspections required during the time period covered by this National Compliance Summary Report, only four percent (4%) were not completed as required. In some cases, these variances were due to a signature not being affixed to the self-inspection report, or the self-inspection report not completed on time. Where there were problems with self-inspection reports, the responsible employees were provided additional training and guidance to the responsible Divisional Compliance Representative to achieve 100% compliance in the future.

During the two quarters covered by this National Compliance Summary Report, four percent (4%) of the Quarterly Inspections and Reviews were not completed as required. Most of the variances were attributable to a Division Compliance Representative not completing the review within seven days of the site inspection. In these first two quarters of compliance with the National Consent Decree, Division Compliance Representatives were struggling with scheduling all of this work in a short time frame. Going forward, the inspections and reviews will be spaced throughout the calendar quarter and we therefore expect full compliance will be achieved.

Of the 288 sites reported, three reported not having a SWPPP on site or its location posted during the time period under review. One of these sites reported that the SWPPP was not on site over numerous inspections. We have taken measures to address this situation at each of these sites to assure they will not reoccur.

Of the 11,000 plus responsive actions noted by our Site Stormwater Compliance Representatives, two percent (2%) were not completed on time or were not properly recorded as being complete. Over the period of this Report, our Site Stormwater Compliance Representatives have been learning how to effectively use the electronic software system recently implemented by K. Hovnanian to track responsive actions and comply with the National

K. Hovnanian National Compliance Summary Report

Consent Decree. K. Hovnanian made improvements to the software functionality to make it easier to use by our Site Stormwater Compliance Representatives. We believe this will resolve most of the reporting issues associated with the completion of the responsive actions.

II. Information for Categories of Self-Reported Stipulated Penalties

<u>29</u>	Number of days of discharge of pollutants from a Site to a water of the United States prior to obtaining coverage under an Applicable Permit <i>The name of the site from which there were discharges without a permit: Estates at North Caldwell, Hilltop Drive, North Caldwell, NJ 07006</i>
<u>4</u>	Number of failures to perform or, if performed, a material failure to document a required Pre-Construction Inspection and Review
<u>243</u>	Number of failures to perform or, if performed, a material failure to document a required Site Inspection
<u>5,450</u>	Total number of required Site Inspections
<u>19</u>	Number of failures to perform or, if performed, a material failure to document a required Quarterly Compliance Inspection and Review
<u>530</u>	Total number of required Quarterly Compliance Inspection and Reviews
<u>0</u>	Number of Division Wide Compliance Summary Report prepared 1-7 days after deadline
<u>0</u>	Number of Division Wide Compliance Summary Report prepared 8-30 days after deadline
<u>0</u>	Number of Division Wide Compliance Summary Report prepared 31-90 days after deadline
<u>0</u>	Number of failures to have a Storm Water Trained Site Storm Water Compliance Representative at the time of a Quarterly Compliance Inspection and Review

K. Hovnanian National Compliance Summary Report

III. Responsive Actions/SWP on Site

A. Responsive Actions

11,128 Total number of required Responsive Actions

207 Number of failures to complete Responsive Action within the time period required by the Applicable Permit or, if completed, a material failure to record the information.

B. SWP on Site

15 Number of failures to have, at the time of a Site Inspection, the SWP on site or its location posted

IV. Training Program

A written evaluation of the stormwater training program was not required at this time, it will be included in the next National Compliance Summary Report.

V. Signature and Certification

I certify under penalty of law, that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gathered and evaluated the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

P. Dean Potter

By: Dean Potter
National Storm Water
Compliance Representative

P. Dean Potter

Signature

2-25-2011

Date

K. Hovnanian National Compliance Summary Report

VI. Distribution

This form shall be sent to the following:

Chief, Environmental Enforcement Section, U.S. Department of Justice

Lori Kier, Esquire, U.S. EPA Region III

Chuck Schadel, U.S. EPA Region III

Director, Water Enforcement Division, U.S. EPA

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